

WESTERN AREA POWER ADMINISTRATION

Rates Customer Meeting

Colorado River Storage Project
Management Center

May 25, 2010

Introduction

- ❧ Welcome
- ❧ Staff Introductions
- ❧ Purpose of Meeting
- ❧ Handout Materials

Meeting Topics

1. Status of Repayment
2. Current SLCA/IP Firm Power Rate (SLIP-F9)
3. Revenue Requirements Comparison Table
4. SLCA/IP Rate
5. Next Steps

Status Of Repayment (Tab 2)

SLCA/IP Status of Repayment
Power Investment Only
As of September 30, 2009

Project	Investment (\$million)	Repaid		Projected Payoff
		Amount (\$million)	Percent	
CRSP	1,149.853	789.659	68.67%	2018
Collbran	16.107	16.107	100.0%	N/A
Dolores	38.202	5.197	13.60%	2046
Rio Grande	16.331	16.068	98.39%	2010
Seedskadee	7.656	7.656	100.0%	N/A

Salt Lake City Area/Integrated Projects (SLCA/IP)

Based on FY 2009 Data

	% Energy
CRSP	96.7
Other Integrated Projects	
Dolores	0.4
Seedskadee	1.1
Collbran	0.7
Rio Grande	1.1
	100

SLCA/IP Firm Power Rate (Tab 3)

✧ Current Firm Power Rate (SLIP-F9)

✧ Effective Oct. 1, 2009

✧ Energy: 12.19 mills/kWh

✧ Capacity: \$5.18 kW/month

✧ Composite Rate: 29.62 mills/kWh

✧ Expires September 30, 2013

✧ Cost Recovery Charge

✧ 0.00 mills/kWh



History of SLIP Rates

Effective	Capacity	Energy	Composite
<u>Date (CY)</u>	<u>\$/kW</u>	<u>mills/kWh</u>	<u>mills/kWh</u>
1993	3.54	8.40	18.70
1995	3.83	8.90	20.17
1998	3.44	8.10	17.57
2002	4.04	9.50	20.72
2005	4.43	10.43	25.28
2008	4.70	11.06	26.80
2009	5.18	12.19	29.62



Annual Revenue Requirements Comparison Table (Tab 6)

See Handout

Current rate PRS v. Preliminary 2010 PRS

May Update

O&M Costs

(Tab 7)

☞ FY 2012 v. FY 2010 workplans

☞ 3% per year indexing

☞ Western

☞ Why?

☞ Reclamation

☞ Why?

May Update

Purchased Power

(Tab 8)

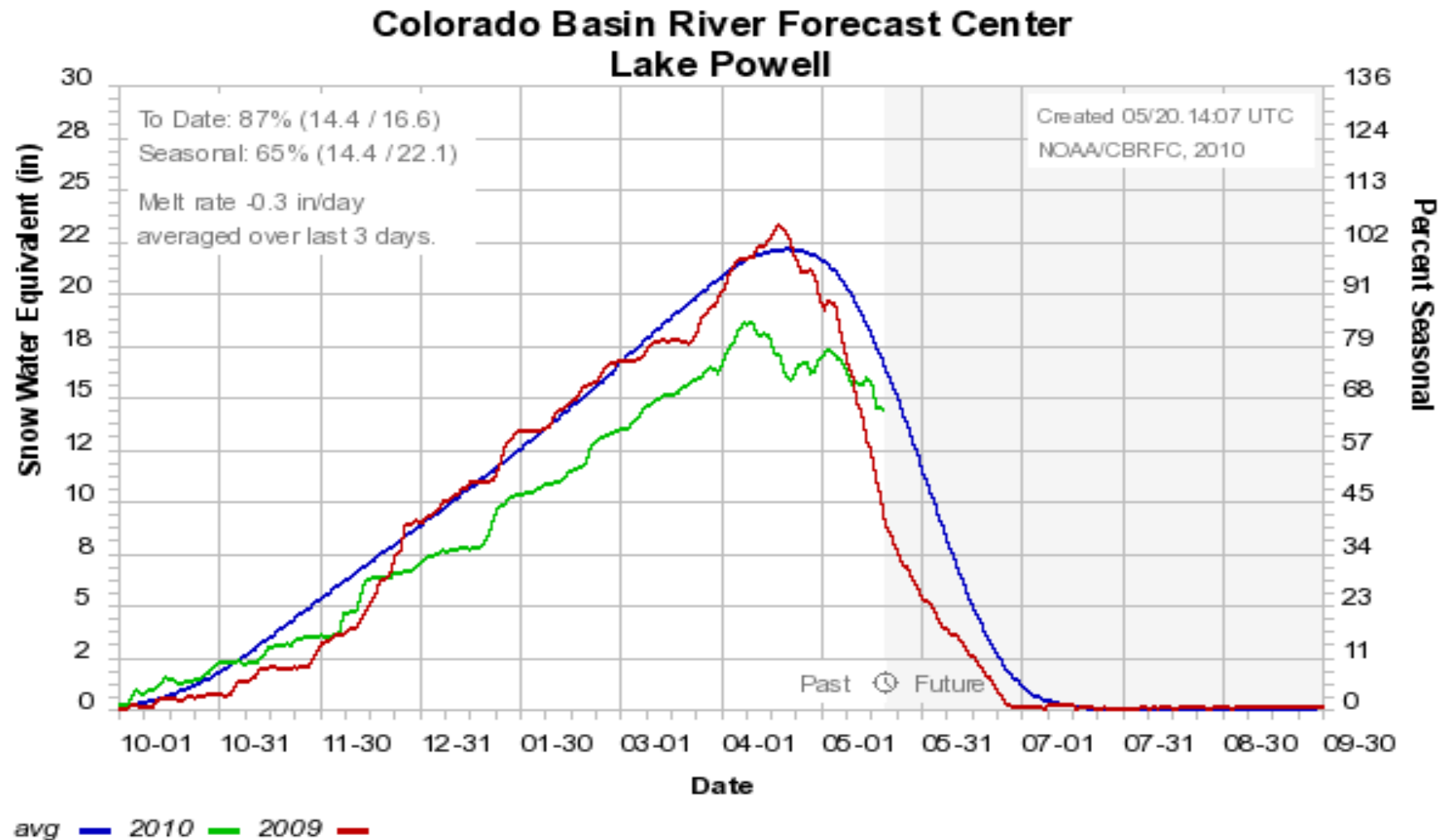
☞ Purchased power costs down ~\$0.5 million/year

☞ FY 2010-2012 based on April 2010 24-month study

☞ FY 2013 based on Reclamation's long-term median hydrology estimate

☞ FY 2014 & beyond drop to \$4 million/year

Current Hydrology (Tab 9)



May Update Integrated Projects Revenue Requirements (Tab 11)

- ⌘ FY 2012 v. FY 2010 workplans

- ⌘ 3% per year indexing

- ⌘ Collbran

May Update

Interest Expense

- ⌘ Interest expense changes when other revenue requirements change
 - ⌘ More near-term replacements
 - ⌘ 2010 Change in purchase power

May Update

Power Repayment

- ⌘ Payments to replacements and additions decreased by \$2.8 million/year
 - ⌘ Lower long-term projection of replacements & additions

May Update

Irrigation Repayment

(Tab 13)

- ☞ Main-stem irrigation unchanged
- ☞ Aid to participating projects decreased \$0.6 million
 - ☞ \$0.1 million for construction costs of Central Utah Project
 - ☞ \$0.5 million for apportionment obligations
- ☞ Why did the Average increase?

May Update Offsetting Revenues (Tab 15)

⌘ Merchant Function & Other Revenues increased

May Update

Project Use Requirements

(Tab 16)

- Project use revisions caused capacity sales to decrease
- Decrease primarily because of Animas-La Plata & Navajo Indian Irrigation Project

May Update

Preliminary 2010 PRS Rate

- ⌘ Energy: 13.03 mills/kWh
- ⌘ Capacity: \$5.54 kW/month
- ⌘ Composite Rate: 31.41 mills/kWh
- ⌘ 6.0% Increase

Next Steps

- ✧ No Rate Process in 2010

- ✧ Unresolved issues

- ✧ Possible Rate Process starting in 2011

- ✧ Pending resolution of above issues

- ✧ Mandatory Rate Process starting in 2012

- ✧ Rate Schedule expires

Discussion

&

Comments

CRSP MC RATES TEAM

Rodney Bailey – Rates Manager

801-524-4007

rbailey@wapa.gov

Thomas Hackett

801-524-5503

hackett@wapa.gov

Tamala Gheller

801-524-6388

gheller@wapa.gov

Paul Stuart – Consultant

801-524-3526

stuart@wapa.gov